



## PRESS RELEASE

### **Magneti Marelli and Wanxiang, joint venture for shock absorbers in China**

Magneti Marelli and Wanxiang Qianchao Company, China's leading manufacturer of automotive components, have signed an agreement aimed at setting up a joint venture in China for the production of automobile shock absorbers.

The joint venture, which provide for equal shareholdings, is expected to be operational by the end of 2011.

The industrial facilities will be located near Hangzhou, a city with population of 9 million and capital of the Zhejiang province, that is also an important logistical-industrial hub situated 180 km south-west of Shanghai, where the Wanxiang group developed a strong industrial presence.

At full speed, the JV will almost double the production over the next 3 years, from the current 3 million shock absorbers produced by Wanxiang for domestic customers to over 6 million covering also transnational carmakers operating in China.

The JV's product strategy will be aimed at the design, production and marketing of "traditional" (or passive) shock absorbers enriched with new technical features – such as "powershock", full displacement valves, position and frequency dependent damping characteristics - and of "intelligent" shock absorbers using Magneti Marelli system innovations associated with electronic shock absorbers.

In this area, Magneti Marelli brings technologies such as the "*Synaptic Damping Control*" which provides efficient active ride control system.

Magneti Marelli has also perfected the technology for shock absorbers with dual mode operation called "*Dual Stage Valve*" (DSV), which allow to select between high comfort driving mode and high accuracy driving mode. DSV technology offers a "low cost" approach for ride control in small and medium-sized vehicles, as well as sports applications.

Wanxiang Qianchao represents a strategic industrial partner as it is a leader in China in the area of automotive components; the company is increasingly important at the global level too, for example on markets such as the US and the Americas.

The Chinese company is part of the Wanxiang Group Corporation, with 40,000 employees and turnover of 10 billion dollars in 2010, operating in various business sectors (financial services, agricultural products, renewable energy, real estate, etc.). It is managed by Lu Guanqiu, one of the most charismatic figures in Chinese industry and entrepreneurship, who created an industrial empire starting from a small bicycle repair shop in 1969.

*“This agreement is doubly important in terms of strategy”, – stated Eugenio Razelli, CEO of Magneti Marelli – “as it represents the completion of our industrial presence in China, a strategic market in which we have been operating since 1996 and which now duplicates the entire perimeter of Magneti Marelli’s core activities. At the same time, it also represents a further strengthening of our global presence in the shock absorber sector, where Magneti Marelli has a very competitive position. China joins the acquisition of the US-based Pulaski plant and the JV with Endurance in India, in addition to the strong presence in South America and in Poland, with an industrial mission split between OE and Aftermarket activities, with annual production of over 28 million shock absorbers”.*

Magneti Marelli was recently presented with an award by the Italian Chamber of Commerce in China for being the “Italian company with the most effective approach to the Chinese market in 2010”. Last year, Magneti Marelli increased its turnover in China by more than 40% (232 million/€ in 2010 vs. 162 million in 2009), thus exceeding the performances of an automotive market already posting strong growth (about 32%). At its 15<sup>th</sup> year of operations in China, Magneti Marelli’s footprint includes Shanghai (headquarters and Powertrain, Exhaust Systems and Lighting divisions, in addition to the JV with SAGW in Jiading for production of hydraulic components for the Freechoice™ robotised gearbox), Wuhu (Lighting and Powertrain) and Guangzhou (Electronic Systems).

***Magneti Marelli** designs and produces advanced systems and components for the automotive industry. With its 77 production units, 11 R&D centres and 26 application centres in 18 countries, about 34,000 employees and a turnover of 5.4 billion Euros in 2010, the group supplies all the leading carmakers in Europe, North and South America and the Far East. Its business areas include: Electronic Systems, Lighting, Powertrain, Suspensions systems, and Shock absorbers Exhaust Systems, Aftermarket Parts & Services, Plastic Components and Modules, Motorsport. Magneti Marelli is part of Fiat Spa.*

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